
Statement of Robert Greenstein on the Census Bureau's 2012 Poverty, Income, and Health Insurance Data

The new Census figures demonstrate that the painfully slow and uneven economic recovery has yet to produce significant gains for Americans in the bottom and middle of the economic scale, with the poverty rate remaining unchanged at a high 15.0 percent in 2012 — the 11th year in the last 12 that poverty worsened or failed to improve — and median household income remaining unchanged at \$51,017, some 8.3 percent — or \$4,600 — below its level in 2007, before the recession.

While income inequality didn't worsen under the Census measures, it essentially remained at record levels. A key Census measure of inequality (known as the "Gini coefficient") was tied for its highest level on record (with data back to 1967). The share of national income going to the bottom 20 percent of households — who received just 3.2 percent of the income in the nation in 2012 — and the share going to the bottom 60 percent (who received 25.9 percent of the national income) both tied for the lowest shares on record, with data back to 1967.

The one piece of good news was a decline, from 15.7 to 15.4 percent, in the percentage of Americans who were uninsured, marking the second straight year of progress on this front.

This news comes as threats gather on Capitol Hill, where proposed actions would substantially increase poverty and hardship and block progress in reducing the ranks of the uninsured. The House will vote Thursday on legislation that would cut SNAP (formerly known as food stamps) and throw 3.8 million low-income people off the program in 2014, according to Congressional Budget Office figures released yesterday, while slicing the program by \$39 billion over ten years. Half of these cuts would come from ending benefits for large numbers of unemployed adults without children who live in high-unemployment areas where jobs are scarce. CBO estimates that 1.7 million such individuals would have their benefits cut off in 2014, and Agriculture Department data show that those subject to this cut-off have average cash incomes of just 22 percent of the poverty line, making them one of the poorest groups in the country.

The Census data released today show that if SNAP benefits are counted as income in measuring poverty, as most analysts favor (and as Census Bureau *alternative* measures of poverty do but the official measure does not), SNAP kept 4 million Americans out of poverty in 2012. In addition to keeping them *out* of poverty, SNAP also made a much larger number of people *less poor* in 2012. For these individuals, the program reduced the gap between their income and the poverty line and made them better able to afford a basic diet. The House bill would make the program less effective at combatting poverty.

The Census data also show that unemployment insurance (UI) benefits lifted 1.7 million people out of poverty in 2012 — as compared to 2.3 million in 2011 and 3.2 million in 2010. Only part of the decrease reflects gains in employment; indeed, the share of adults with jobs is only slightly above its low point during the recession. A significant share of the decline in UI's effect in reducing poverty reflects cuts in UI benefits at both state and federal levels and the growing number of unemployed workers who have exhausted their weeks of benefits. Even though unemployment has fallen in the past few years, Labor

Department data show that the number of unemployed workers receiving no unemployment benefits is actually *higher* today than at any point during the recession, a factor contributing to keeping poverty high. Analysis of the new Census data shows that if UI benefits had been as effective at reducing poverty among unemployed workers and their families in 2012 as in 2010, the overall poverty rate would have fallen over the past two years rather than failing to improve.

Most federal unemployment benefits for the long-term unemployed are authorized under the law to continue only through the end of 2013, and it increasingly appears that Congress — and especially the House — may decline to extend them even in scaled-back form. If Congress does not act, the number of unemployed individuals that UI benefits will keep out of poverty will drop much more next year.

Also of concern is the prospect that Congress may not eliminate or scale back the sequestration budget cuts for the next few years. CBO estimates that keeping sequestration in place will cost 900,000 jobs by the third quarter of 2014, which will help keep poverty high and incomes stagnant.

Finally, some in Congress are taking aim at health reform (i.e., the Affordable Care Act or ACA), the one measure that's poised to bring dramatic improvements in one of the key Census measures released today.

CBO estimates that, due to the ACA, 25 million people who would otherwise be uninsured will ultimately gain coverage. This will represent the greatest improvement in nearly 50 years in health insurance or poverty due to a piece of legislation or other policy. (This progress will be still greater if all states adopt the Medicaid expansion for poor and near-poor parents and other adults.)

Repealing, defunding, or delaying the ACA or key provisions of it, as some policymakers demand, would leave millions more low- and moderate-income Americans uninsured. For example, CBO reported recently that a proposal to delay the ACA's requirement for individuals to have coverage, which House leaders are reportedly thinking about tying to an increase in the debt limit, would cause health insurance premiums in the individual health insurance market to rise and result in 11 million Americans who would otherwise have coverage remaining uninsured in 2014.

Of note, the gains in health coverage in 2012 that Census reported today were driven in significant part by public programs and government policies, such as gains in coverage due to more Americans enrolling in Medicare as the population ages. The data also appear to show gains in coverage among young adults aged 19-25, who now can remain on their parents' health insurance plan until age 26 under an ACA provision that took effect in the fall of 2010; the percentage of people in this age group who are uninsured fell by half a percentage point in 2012 (and by 4.2 percentage points since 2009) although the change in 2012 was not statistically significant. In addition, the new data show that the share of children who are uninsured fell to 8.9 percent, a record low. Interestingly, the data also show an increase in private insurance for people under 65; the share of non-elderly Americans with private coverage climbed from 64.8 percent in 2011 to 65.2 percent in 2012.

Together, today's Census income, poverty, and health insurance figures highlight the challenges that low- or modest-income people continue to face. They also underscore the important role that public policies can play in reducing poverty and hardship — or in making them worse.

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